



CITY OF BOSTON, MASSACHUSETTS

Office of the Mayor

Thomas M. Menino

PRESS RELEASE

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Menino Task Force Recommends Groundbreaking Approach to Citywide WiFi

*City to Use Non-Profit Organization to Build Open Network, Creating Broad
Platform for Innovation;*

Model Would Also Yield Low Cost Service Designed to Bridge Digital Divide

Mayor Thomas M. Menino today announced that his Wireless Task Force has recommended a radical new approach to building a citywide WiFi network, proposing that the City designate a non-profit entity to build a network open to innovators of all kinds while also delivering some of the lowest-priced broadband service in the country.

“We believe the non-profit route may be the best way to bring low-cost service to every neighborhood while providing a platform for innovation unlike any in the nation,” Mayor Menino said. “By keeping the network open, we believe we can create a hotbed of entrepreneurial activity, which will spur economic growth and job creation.”

Although other cities are at various stages of implementing WiFi plans, most of their models rely on an outside partner – often a large company – to build and operate the network. The Boston proposal calls for the designation of a non-profit entity that would provide low-cost wholesale priced access to broadband, which Internet Service Providers (ISPs) and others could use to deliver service. This wireless network would be built atop the valuable infrastructure already owned by the city – its light poles, traffic signals, and city buildings.

As envisaged by the Task Force, the new organization would initially raise money through donations and, if needed, would examine equity and debt options for funding. It would oversee

construction and integration, then own and operate the network itself. The city would not foot any of the financial obligations.

“Mayor Menino asked the Task Force to study the options, and we spent hundreds of hours over the last five months researching wireless efforts around the country, soliciting community input, and conducting an inventory of city assets,” said Joyce Plotkin, one of three co-chairs of the Task Force. “We’ve created a novel approach that we believe will open the network to greater innovation, increased entrepreneurial activity, and new partnerships that will benefit the City.”

Menino formed the WiFi Task Force in February to explore wireless possibilities for Boston, appointing three local technology experts to be co-chairs. They are Plotkin, President of the Massachusetts Technology Leadership Council; James Cash, a former Harvard Business School professor who serves on the boards of Microsoft and General Electric; and Rick Burnes, co-founder and Director of Charles River Ventures. Plotkin, Cash, and Burnes led a group of 19 other representatives from the business, academic, and wireless communities, as well as members of city government. The Task Force today delivered a 56-page report detailing their research and recommendations.

The report recommends a possible approach for the City to designate a non-profit corporation that would manage the construction and operation of a wholesale-only wireless network. This model, the Task Force argues, would best achieve the City of Boston’s principal goals: to foster economic development and stimulate innovation, to ameliorate the Digital Divide, and to improve access to and the quality of city services.

By increasing the number of broadband users and reducing the cost for those who seek to develop Internet applications and services, the Task Force predicts the network would create an environment in which companies and individuals would be able to offer new services because the barriers to entry would be dramatically lowered. With more ISPs offering service, existing providers – primarily the cable television and large telecommunications carriers – would also have the incentive to compete by innovating their existing services or offering services to users at lower prices.

“We believe the model will attract entrepreneurs,” said Mayor Menino. “At the same time, we hope the existing providers who currently offer valuable service to residents will be able to participate in this new idea and benefit from it in the long run.”

The report notes that the Internet is made up of myriad interconnected networks around the world, in which trillions of bytes of data flow between the individual nodes. The report identifies the connections between the Internet “backhaul” suppliers and the home as the key cost centers in the “value chain.” Because the cost of building infrastructure is so high, only a few competitors are able to build the connections between these cross country networks and customers.

As a result, the price to the end-user is high – often around \$30 to \$40 dollars per month for every broadband connection. This markup reduces opportunities for residents of underserved areas, providers of business services, and other would-be innovators.

The proposed non-profit model seeks to drastically increase competition in this segment by operating a wholesale network that provides retail ISPs with a connection between Internet “backhaul” operators and customers at very low cost. The non-profit would enable entrepreneurs, researchers, and companies large and small to offer uniquely specialized and highly localized

Internet services to end users. With this new competition, prices would decline and variety increase.

“We’ve identified a highly disruptive business model,” said Rick Burnes. “By harnessing new technologies and implementing a unique network model, we can eliminate much of the cost of delivering broadband, thus providing an inexpensive platform for entrepreneurs while also bringing cheaper service to underserved populations.”

While Internet broadband is currently available to nearly 90% of Boston residents, according to the report, only 40% of Boston households subscribe, with 30% still using dial-up, and the remaining 30% doing without home Internet.

“What we’re trying to do is bring Internet access to as many people across the City as possible,” said Menino. “We believe this model could be the best way to bridge the so-called ‘Digital Divide.’ The student in Mattapan should have the same access to the knowledge available from the Web as the student living on Beacon Hill.”

With this model, community organizations would be able to provide low-cost or even free Internet access to neighborhoods through grants. Surplus revenue that accrued to the non-profit organization would be returned to the community for digital inclusion programs, of which the City’s successful *Technology Goes Home* program is an example.

“This literally means putting wireless in the hands of the entire Boston community,” said co-chair James Cash. “A good deal of the thinking that went into this report was focused on what is best for the community at large. There are some terrific organizations and programs in Boston that work hard at getting technology to residents. Creating a wireless network throughout the City would save them a lot of money in infrastructure costs that they should be spending directly on the programs.”

The Task Force also believes the model has the potential to dramatically improve city services. With the proposed network in place, the City would have the ability to purchase bits at wholesale rates, spurring numerous innovative uses – from inexpensive Internet phones to technologically-advanced public safety equipment.

Mayor Menino said he would begin phase two of Boston’s wireless plan by establishing an internal team, led by incoming CIO Bill Oates, to study the network’s potential for innovative uses around city services and continue surveying the City’s infrastructure assets. Menino also said Pam Reeve, a member of the Task Force and the former CEO of Lightbridge and former Managing Director of BCG’s Boston office, has volunteered to lead the outside efforts to develop partnerships and seek the funding necessary for the implementation of Boston’s wireless network.

The Wireless Task Force report is available on-line at cityofboston.gov/wireless.

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